



POLICE AND CRIME
COMMISSIONER FOR NORTH
YORKSHIRE AND CHIEF CONSTABLE
FOR NORTH YORKSHIRE

Internal Audit Strategy 2016/17-2018/19

Presented at the Joint Independent Audit
Committee meeting of: 15 March 2016





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This report, together with any attachments, is provided pursuant to the terms of our engagement. The use of the report is solely for internal purposes by the management and board of our client and, pursuant to the terms of our engagement, should not be copied or disclosed to any third party without our written consent. No responsibility is accepted as the plan has not been prepared, and is not intended for, any other purpose.

1 INTRODUCTION

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting the [Police and Crime Commissioner for North Yorkshire and Chief Constable for North Yorkshire](#) in the year ahead, including changes within the sector.

1.1 Background

North Yorkshire is the largest policing county in England. Delivering a service to such a large geographical area is unavoidably costly, with resources needing to be shared appropriately across communities. As well as its rural areas, North Yorkshire includes the City of York and many towns, with Harrogate and Scarborough the principal urban areas. The Force, in line with the national picture, is faced with challenges in providing visible local services and ensuring equality of access to key services for all.

Our audit strategy has been formulated to reflect such changes to provide assurances that the Priorities and the Police and Crime Plan are being managed and objectives achieved, given these fundamental changes with the operational service delivery, within the Force.

1.2 Policing Priorities

- Protect vulnerable people
- Cut crime and anti-social behaviour
- Focus on prevention and early intervention
- Improve victim care

The model also includes three organisational priorities to help shape the service to meet the demands of the future;

- Transforming the Organisation
- People First
- Partnerships and Commissioning

2 DEVELOPING THE INTERNAL AUDIT STRATEGY

We use your objectives as the starting point in the development of your internal audit plan.

2.1 Risk management processes

We have evaluated your risk management processes and consider that we can place reliance on your risk registers to inform the internal audit strategy. We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with the following people:

Chief Constable
Deputy Chief Constable
Assistant Chief Constable (x2)
Chief Finance Officer - Force
Police and Crime Commissioner
Chief Executive Officer
Chief Finance Officer - OPCC

Based on our understanding of the organisation, the information provided to us by the stakeholders above, and the regulatory requirements, we have developed an annual internal plan for the coming year and a high level strategic plan (see Appendix A and B for full details).



Figure A: Sources considered when developing the Internal Audit Strategy

2.2 How the plan links to your priorities

Each of the reviews that we propose to undertake are detailed in the internal audit plan and strategy within Appendices A and B. In the table below we bring to your attention particular key audit areas and discuss the rationale for their inclusion or exclusion within the strategy.

Area	Reason for inclusion or exclusion in the audit plan/strategy
Collaboration	Allocation to consider how the correct assurances are received to gain confidence that achievement of the collaborative agreements is being monitored and managed.
Data Quality	A key principle of recording police information is 'right first time, every time'. Information retrieved from systems is only effective and of use if it is of a high quality, accurate and complete.
Complaints	Given the proposed changes in responsibilities for complaints (potentially moving from Force responsibilities to PCC) it is appropriate to include coverage during the current period.
Commissioning	Further demands will be placed upon this particular area and therefore it is sensible to include an audit allocation to ensure risks are being managed and appropriate controls are in place.
Partnerships	We originally had Partnerships scheduled for 2016/17 coverage, but understand that the Organisation is in the process of developing partnership hubs and therefore it would seem sensible to defer the allocation to 2017/18 to allow for new processes and arrangements to be embedded.

As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes: time for tracking the implementation of actions and an audit management allocation.

2.3 Working with other assurance providers

The organisation is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers, such as external audit to ensure that duplication is minimised and a suitable breadth of assurance obtained.

3 YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM Risk Assurance Services LLP. The team will be led by Daniel Harris, Partner and supported by Angela Ward and Philip Church.

3.1 Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS). Further details of our responsibilities are set out in our internal audit charter within Appendix D.

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our Risk Assurance service line commissioned an external independent review of our internal audit services in 2011 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that “the design and implementation of systems for the delivery of internal audit provides substantial assurance that the standards established by the IIA in the IPPF will be delivered in an adequate and effective manner”.

3.2 Conflicts of interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

4 AUDIT COMMITTEE REQUIREMENTS

In approving the internal audit strategy, the Police and Crime Commissioner and the Chief Constable are asked to consider the following:

- Are the Police and Crime Commissioner and the Chief Constable satisfied that sufficient assurances are being received within our annual plan (as set out at Appendix A) to monitor the organisation's risk profile effectively?
- Does the strategy for internal audit (as set out at Appendix B) cover the organisation's key risks as they are recognised by the Executive Board and the Joint Corporate Risk Group?
- Is the Joint Corporate Risk Group content that the standards within the Charter in Appendix C are appropriate to monitor the performance of internal audit?
- Is the Joint Independent Audit Committee (JIAC) satisfied that the areas selected for coverage this coming period are appropriate to assist them in providing independent scrutiny on the adequacy of the corporate governance and risk management arrangements in place across the organisation?

It may be necessary to update our plan in year, should your risk profile change and different risks emerge that could benefit from internal audit input. We will ensure that the plan is reviewed by the Joint Corporate Risk Group and the JIAC and the Police and Crime Commissioner and Chief Constable approve any such amendments to this plan.

APPENDIX A: INTERNAL AUDIT PLAN 2016/17

Audit area	Scope for Year 2016/17	Audit days	Proposed timing	Audit Sponsor	Estimated JIAC date
Risk Based Assurance					
Overtime, Bonus and Honorary Payments	Review of the accurate recording, authorisation and processing (including tracking to the general ledger) of overtime, bonus and honorary payments to ensure a consistent and transparent approach is in place.	8	May 2016	OPCC & Chief Constable	September 2016
Network Security including Disaster Recovery	<p>The review will consider the management, operational and security controls over networked systems and data to address the following risks:</p> <ul style="list-style-type: none"> • Security breaches and external threat from hacking, viruses and malicious code. • Loss of systems availability through poor network infrastructure resilience. • Unauthorised access to systems and data. <p>The review will also consider the security access to the systems to ensure it is appropriate (i.e. the right balance) to ensure roles can be performed, without unnecessary delays/ inability to access required information.</p>	10	June 2016	OPCC & Chief Constable	September 2016
Management of Police Information	To link in with the in-house project that has taken place around information and the ability to recover historical information (both electronic and paper based). We will provide assurance that the project has been effective and the Force is complying with any revised associated policies and procedures, including data retention.	8	September 2016	Chief Constable	December 2016
Data Quality (including Governance)	During quarter 1 the current Performance group is changing to a Scrutiny and therefore it would be useful to consider the role of the group and provides assurance that it meets the intended purpose and is appropriate, ensuring accurate, relevant and purposeful data is being scrutinised and duplication is minimised.	8	September 2016	OPCC & Chief Constable	December 2016

Audit area	Scope for Year 2016/17	Audit days	Proposed timing	Audit Sponsor	Estimated JIAC date
Commissioning	The specific scope will be determined nearer the time, but it is likely to consider a healthcheck approach to ensure existing processes are fit for purpose.	8	September 2016	OPCC	December 2016
Collaboration	Allocation to consider how the correct assurances are received to gain confidence that achievement of the collaborative agreements is being monitored and managed.	8	October 2016	OPCC & Chief Constable	December 2016
Proceeds of Crime – Management of Sensitive Property	Compliance with policies and procedure on seizures as part of the Proceeds of Crime Act. We will include a follow up of the Internal Audit review from 2015/16	7	January 2017	OPCC & Chief Constable	March 2017
Core Assurance					
Key Financial Controls	Annual audit to provide assurance over the operation of internal controls within the financial processes operated by the Force.	12	December 2016	OPCC & Chief Constable	March 2017
Annual Petty Cash Check	The Business Administration Manager is responsible for performing an annual petty cash reconciliation. We will review the year end petty cash reconciliations and ensure appropriate, including the timeliness of transactions (i.e. banking). We understand that there are approximately 6 petty cash floats, across the Organisation, including £5k at HQ.	3	March 2017	Chief Constable	June 2017
Risk Management – Assurance Framework	Review of the key areas of Risk Management including the operational Risk Management arrangements, including linkage to the Assurance Framework. This will include the arrangement in place within the Office of the Police and Crime Commissioner and the Force.	7	November 2016	OPCC & Chief Constable	March 2017
Other internal audit activity					
HR	A review of the Training Plan and associated procedures to ensure Officers and staff are up to date and 'in ticket' for mandatory training. This review will also consider how the organisation identifies who should receive what mandatory training to ensure that resources are prioritised and utilised efficiently.	8	June 2016	Chief Constable	September 2016

Audit area	Scope for Year 2016/17	Audit days	Proposed timing	Audit Sponsor	Estimated JIAC date
Cash and Property checks	To undertake regularity audits, throughout the year. The audits will consider cash and property collection and management.	8	September 2016 & January 2017	OPCC & Chief Constable	December 2016 & March 2017
Complaints	To provide assurance that complaints are being captured, addressed (within timeframes) and any lessons learnt.	7	November 2016	OPCC	March 2017
Follow up	To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	6	January 2017	OPCC & Chief Constable	March 2017
Management	This will include: <ul style="list-style-type: none"> • Planning; • Preparation for, and attendance at, Joint Corporate Risk Group and Joint Independent Audit Committee • Ongoing liaison and progress reporting; and • Development and publication of the internal audit opinion 	22	As and when required.	-	-

APPENDIX B: INTERNAL AUDIT STRATEGY 2016 – 2019

Proposed area for coverage	Scope and Associated risk Area	2016/17	2017/18	2018/19
Risk based assurance				
Network Security including Disaster Recovery	Hi Tech Crime Units ability to carry out their duties is compromised due to the need for server replacement. <i>(Risk 6508)</i> Cessation of CJX Network and connection to PSNP. <i>(Risk 5987)</i>	✓	✓	✓
Victims – Code of Compliance	Risk of compromised ability to effectively deliver justice to victims of crime as a result of case file quality issues. <i>(Risk 6641)</i> The ability of NYP to effectively identify and manage cases of Child Sexual Exploitation (CSE) Victims and CSE Perpetrators. <i>(Risk 6784)</i>		✓	
Integrated Offender Management	Failure to ensure partnership commitment and funding. Increased demand for service from North Yorkshire Police due to reduction in availability of NHS resource. <i>(Risk 6500)</i>		✓	
Overtime and Time Recording	Time Management functionality. <i>(Risk 6709)</i>	✓		
Management of Police Information	Failure to adequately manage and maintain data.	✓		
Change Programme - Culture	Cultural Impact on Organisational Development. <i>(Risk 6052)</i>			✓
Data Quality	Standards of Data Recording. <i>(Risk 5400)</i> Inaccurate processing of intelligence directly onto Niche may lead to inappropriate actioning of intelligence, potential exposure of CHIS and subsequent legal challenge. <i>(Risk 6748)</i> <i>Risk of compromised ability to effectively deliver justice to victims of crime as a result of case file quality issues. (Risk 6641)</i>	✓	✓	✓
Commissioning	Failure to ensure agreeable contractual arrangements. Failure to ensure partnership commitment and funding.	✓	✓	✓

Proposed area for coverage	Scope and Associated risk Area	2016/17	2017/18	2018/19
Collaboration	Failure to effectively engage partners communities and stakeholders. Regional Scientific Support Services. (Risk 6665)	✓	✓	✓
Proceeds of Crime	Issues have arisen nationally concerning the confiscation and storage of criminal assets. Management of Sensitive Property. (Risk 6331)	✓		
Shift Patterns	Following the in-house review of shift patterns it seems sensible to include an allocation to review the effectiveness and efficiencies of the review.		✓	
Automatic Number Plate Recognition (ANPR)	Benefits realisation audit to provide independent assurance that the original objectives of the project have been realised.		✓	
Core Assurance				
Key Financial Controls	Annual audit to provide assurance over the operation of internal controls within the financial processes.	✓	✓	✓
Risk Management	Annual consideration of risk management to inform our risk management opinion. In 015/16 we will review the risk management processes to ensure that these remain appropriate to identify and manage strategic and significant operational risk, throughout the organisation by completing a risk maturity audit.	✓	✓	✓
Governance	To consider different elements of governance each year to inform our annual governance opinion. For 2016/17 the Governance allocation will be part of Data Quality.	✓	✓	✓
Other Internal Audit Activity				
Procurement	Review of how the organisation ensures VFM through its procurement strategy and activities. Expenditure in excess of £50k is passed to the regional hub that is responsible for Procurement. A benefits review of such an arrangement will be completed to ensure that the intended objectives and benefits are being achieved. We will ensure our work is not duplicated with any in-house review in this particular area		✓	
Estates Strategy	To provide assurance that the planned benefits including the ongoing revenue savings from the Strategy review have been realised		✓	✓

Proposed area for coverage	Scope and Associated risk Area	2016/17	2017/18	2018/19
Complaints	To ensure the responsibilities in relation to complaint recording, handling and management are clear, effective and provide for efficient practices	✓		
HR	For 2016/17 it is intended to cover Training and future areas of coverage could include the arrangements in place for Wrap Around	✓	✓	✓
Partnerships	In October 2014, the Commissioner approved the formal merger of six Community Safety Partnerships in North Yorkshire into one North Yorkshire Community Safety Partnership, supported by district based Local Delivery Teams, and to retain the Safer York Partnership. The audit will consider whether the planned improvements and efficiencies have been achieved and the Community Safety Partnership provides for an effective and successful framework		✓	
Cyber Crime	To consider how the organisation has progressed with the areas highlighted as part of the relevant HMIC inspections. To consider whether there are any other areas of coverage in relation to Cyber Crime.		✓	
Mobile Asset Utilisation and Deployment System (MAUDS)	Benefits realisation audit to provide independent assurance that the original objectives of the project have been realised. The review will also include Fleet.		✓	
Follow up	To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	✓	✓	✓
Management	This will include: <ul style="list-style-type: none"> • Planning; • Preparation for, and attendance at, Joint Corporate Risk Group and Joint Independent Audit Committee • Ongoing liaison and progress reporting; and • Development and publication of the internal audit opinion 	✓	✓	✓

APPENDIX C: INTERNAL AUDIT CHARTER

Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for the Police and Crime Commissioner for North Yorkshire and Chief Constable of North Yorkshire Police. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the Joint Corporate Risk Group.

The internal audit service is provided by RSM Risk Assurance Services LLP (“RSM”).

	Partner	Senior Manager	Manager
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We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives.

Role and definition of internal auditing

“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by introducing a systematic, disciplined approach in order to evaluate and improve the effectiveness of risk management, control, and governance processes”.

Definition of Internal Auditing, Institute of Internal Auditors and the Public Sector Internal Audit Standards

Internal audit is a key part of the assurance cycle for your organisation and, if used appropriately, can assist in informing and updating the risk profile of the organisation.

Independence and ethics

To provide for the independence of Internal Audit, its personnel report directly to the Daniel Harris (acting as your Head of Internal Audit). The independence of RSM is assured by the internal audit service reporting to the Police and Crime Commissioner and to the Chief Executive through the Joint Corporate Risk Group.

The Head of Internal Audit has unrestricted access to the Chair of Joint Independent Audit Committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Conflicts of interest may arise where RSM provides services other than internal audit to the Police and Crime Commissioner or the Chief Constable. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the Joint Corporate Risk Group and the Joint Independent Audit Committee. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be compromised in reporting the matter to the Joint Corporate Risk Group and the Joint Independent Audit Committee. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

Responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans which align to the corporate objectives. The plan will be submitted to the Joint Corporate Risk Group for review and to the Joint Independent Audit Committee for recommendation to the Police and Crime Commissioner and the Chief Constable for approval each year, before work commences on delivery of that plan.
- Implement the audit plan as approved, including any additional reviews requested by management, the Joint Corporate Risk Group and the Executive Board.
- Ensure the internal audit team consists of professional internal audit staff with sufficient knowledge, skills, and experience.
- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements and agree corrective action with management based on an acceptable and practicable timeframe.
- Undertake action tracking reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Liaise with the external auditor and other relevant assurance providers for the purpose of providing optimal assurance to the organisation.

Authority

The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the Joint Independent Audit Committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.
- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

The Head of Internal Audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.
- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment, and then issued as a final report to management. Copies will also be provided to the Joint Corporate Risk Group and the Joint Independent Audit Committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The Head of Internal Audit will issue progress reports to the Joint Corporate Risk Group and the Joint Independent Audit Committee on a quarterly basis summarising outcomes of audit activities, including follow up reviews.

As your internal audit provider, the assignment opinions that RSM provides the organisation during the year are part of the framework of assurances that assist the Executive Board in taking decisions and managing its risks.

As the provider of the internal audit service we are required to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the board is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by RSM Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Executive Board to inform the organisation's annual governance statement.

Data Protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's Terms of Business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.

Personal data is not shared outside of RSM. The only exception would be where there is information on an internal audit file that external auditors have access to as part of their review of internal audit work or where the firm has a legal or ethical obligation to do so (such as providing information to support a fraud investigation based on internal audit findings).

RSM has a Data Protection Policy in place that requires compliance by all of our employees. Non-compliance will be treated as gross misconduct.

Fraud

The organisation recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the organisation recognises that internal audit is not responsible for identifying fraud; however internal audit will assess the risk of fraud and be aware of the risk of fraud when planning and undertaking any internal audit work.

Approval of the internal audit charter

By recommending the annual plan to the Police and Commissioner and the Chief Constable for approval, the Joint Corporate Risk Group is also approving the internal audit charter.

APPENDIX D: OUR CLIENT CARE STANDARDS

- Discussions with senior staff at the client take place to confirm the scope six weeks before the agreed audit start date
- Key information such as: the draft assignment planning sheet are issued by RSM to the key auditee four weeks before the agreed start date
- The lead auditor to contact the client to confirm logistical arrangements two weeks before the agreed start date.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Two weeks after a debrief meeting a draft report will be issued by RSM to the agreed distribution list.
- Management responses to the draft report should be submitted to RSM.
- Within three days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.

FOR FURTHER INFORMATION CONTACT

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